

INTERNAL CONTROL SYSTEM POLICY

1. Objective and Scope

This Internal Control Policy is framed in accordance with the Securities and Exchange Board of India (SEBI) Act, Rules, Regulations, Master Circulars, Exchange Circulars, and applicable guidelines as in force. The objective of this policy is to ensure:

- Protection of investor interests
 - Orderly conduct of securities market activities
 - Robust governance, risk management, and compliance framework
 - Prevention of misuse of client funds and securities
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2. Governance and Oversight

- The Board of Directors bears ultimate responsibility for internal controls, compliance, and investor protection.
 - A designated Compliance Officer ensures adherence to SEBI and Exchange Regulations.
 - Senior Management reviews internal controls periodically and implements corrective actions.
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3. Client Onboarding, KYC and UCC Controls

- Clients are onboarded only after completion of SEBI-prescribed KYC, IPV, and due diligence.
 - Accounts are opened only after verification of PAN, bank, demat details, and financial suitability.
 - Unique Client Code (UCC) is uploaded to the Exchange only after KYC validation.
 - Maker-checker mechanism is followed for data entry into back-office systems.
 - Client records are stored securely and retained as per regulatory timelines.
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4. Dormant and Inactive Accounts

- Accounts inactive for 24 months are marked dormant.
 - Trading in dormant accounts is blocked.
 - Reactivation is permitted only after fresh KYC verification and client authentication.
 - Enhanced due diligence is performed for reactivated accounts.
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5. Order Receipt and Execution Controls

- Orders are accepted only from the client or authorized representatives.
 - All telephonic orders are voice-recorded.
 - Voice recordings are stored in a tamper-proof manner.
 - Dealers execute orders strictly as per client instructions.
 - Trade confirmations are sent to clients through electronic means.
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6. Margin Collection and Risk Management

Cash Segment

- Upfront margin collection (VaR + ELM) is mandatory before trade execution.
- Peak margin reporting is done as per SEBI-prescribed snapshots.

Derivatives Segment

- Initial and exposure margins are collected upfront.
- Client exposure is monitored real-time through CTCL and RMS systems.

Margin Calls

- Margin shortfall intimation is sent through system-generated SMS/email alerts.
 - Communication records are retained for audit and verification.
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7. Client Funds and Running Accounts

- Client funds are maintained in designated client bank accounts.
 - Running account facility is provided only after obtaining explicit client consent.
 - Mandatory payout of funds and securities is carried out at least monthly or quarterly, based on the client's preference as opted under the running account settlement mechanism, in accordance with SEBI guidelines.
 - In case of inactive clients, settlement of funds is carried out monthly on the first Friday of the month or on any other settlement date as may be prescribed by the Stock Exchanges from time to time, in accordance with SEBI guidelines.
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8. Client Securities Management

- Client securities are held in segregated demat accounts.
 - Daily reconciliation is performed between depository, back-office, and pool accounts.
 - Securities are not used for purposes other than the concerned client.
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9. Contract Notes, Statements and Disclosures

- Digital contract notes and margin statements are issued within 24 hours of trade execution.
 - Quarterly statements of accounts are sent electronically or physically as opted by clients.
 - Proof of delivery and electronic logs are maintained in non-tamperable format.
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10. Cyber Security and Technology Controls

- Access to systems is role-based and password protected.
 - Cyber security framework is implemented as per SEBI Cyber Security Guidelines.
 - Periodic vulnerability and penetration testing (VAPT) is conducted.
 - Cyber incidents are reported to Exchanges and CERT-In within prescribed timelines.
 - Data backup is conducted periodically.
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11. Surveillance and Market Abuse Monitoring

- Trades are monitored for unusual activity, illiquid securities, and abnormal turnovers.
 - Alerts generated by Exchange surveillance systems are promptly reviewed.
 - Suspicious trading patterns are escalated to Compliance Officer and regulators if required.
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12. Prevention of Unauthenticated News Circulation

- Employees are prohibited from circulating rumors or unverified market information.
 - Logs of communication access are maintained.
 - Violations attract disciplinary action.
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13. Investor Grievance Redressal

- Investor complaints are recorded in a centralized register.
 - Complaints are resolved within SEBI-prescribed timelines.
 - Escalation mechanism is in place for unresolved grievances.
 - SCORES portal is monitored regularly.
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14. PMLA and Suspicious Transaction Reporting

- Client risk categorization is performed.
 - High-risk transactions are monitored and reported to FIU-IND.
 - Records are maintained as per PMLA requirements.
 - Ongoing training is provided to employees.
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15. Internal Audit and Compliance Audit

- Internal audits cover financial, operational, and regulatory compliance.
 - Authorised Person (AP) and branch audits are conducted periodically.
 - Audit observations are placed before the Board with action taken reports.
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17. Review and Amendment

This policy shall be reviewed annually or earlier if required due to regulatory changes. Any modification shall be approved by the Board of Directors.

For Roha Wellworth Securities Private Limited.

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Compliance Officer